



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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Executive Director
www.boe.ca.gov

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Board of Equalization to Vote on Release of Over a Quarter-Billion Dollars to California Taxpayers

Sacramento – On Tuesday, December 17, 2013, the members of the State Board of Equalization will vote on a staff proposal, introduced at the direction of Vice Chair Michelle Steel, to eliminate the agency's automatic registration requirement for tax security deposits, and to begin the process of releasing more than \$296 million in security deposits currently held by the agency to small-business owners across the state.

"Ending this burdensome and wasteful program will help thousands of California's job creators keep our economy growing," **Vice Chair Michelle Steel** says.

"The elimination of unnecessary security deposits is the right thing to do," said **Teresa Casazza, president of the California Taxpayers Association**.

The vote will take place during the Board's Customer Service and Administrative Efficiency Committee meeting, which is chaired by Vice Chair Steel, at 10:00am in Room 121 at Board of Equalization headquarters in Sacramento.

What: Board of Equalization Vote to eliminate automatic registration for security deposits and release more than \$296 million to California taxpayers.

Where: 450 N Street, Room 121, Sacramento CA 95814

When: 10:00 a.m., Tuesday, December 17, 2013

Why: The BOE is currently holding over \$296 million in security deposits, \$67 million of which is in cash and other liquid assets. Releasing these deposits would boost the economy by providing small-business owners much needed capital that is currently being stored away by the state. These security deposits are meant to act as insurance against possible future liabilities, and therefore do not count as state revenue unless they are actually applied to a liability. According to staff analysis, on average, less than 1 percent of security is applied to a liability.

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If the Board votes to support the staff recommendation on Tuesday, the agency will eliminate automatic security deposits upon registration, but will continue to allow security deposits to be collected for high-risk accounts, particularly for taxpayers with a previous history of non-payment.

Supplemental material:

Memorandum to Board Members: http://www.boe.ca.gov/meetings/pdf/121713_CSAEC-Security_Deposit_Update.pdf

December 17 Board meeting agenda:

http://www.boe.ca.gov/meetings/pdf/121713_PAN_December_Sacramento.pdf

Selected articles featuring Vice Chair Steel's previous efforts regarding the Security Deposit Program:

Big Deposit, No Return: Los Angeles Times, January 2008:

<http://articles.latimes.com/2008/jan/24/opinion/oe-steel24>

It's payback time: Sacramento Business Journal, January 2008

http://www.bizjournals.com/sacramento/stories/2008/01/28/editorial1.html?jst=pn_pn_lk

State holds cash owed to 2,000 firms: Orange County Register, January 2008

<http://www.ocregister.com/articles/board-8335-steel-businesses.html>

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$52.5 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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